



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

August 15, 2003

Dear Tribal Representative,

We are pleased to announce the availability of approximately \$3.7 million in funding for Drinking Water Tribal Set-Aside (DWTSA) Projects. This program provides the opportunity for Tribes to obtain EPA grants for improvements to public water systems. The funding will be used to address the most significant public health threats posed by inadequate public drinking water system infrastructure.

Enclosed is the Region 9 Guidance to Applicants which includes the project proposal form. Applicants should submit a copy of this form for **each** project to be considered for funding. Project proposal forms must be postmarked by **October 14, 2003**. Tribes that submitted a project proposal during a previous funding cycle and did not receive funding can submit a written request that a project be reranked for consideration in this round of funding. Send this request to Sara Jacobs at the below address by October 14, 2003.

When submitting proposals, applicants can request funding assistance for 1) a feasibility study or 2) for construction funding if a study has already been completed. Feasibility study requirements are in Appendix A of the enclosed program guidance. We strongly encourage applicants to submit proposals with at least preliminary feasibility studies. The preliminary feasibility study must include, at a minimum, a description of the proposed project, a description of the alternatives considered, and a detailed budget breakdown. A draft ranking for each project will be sent out for comment in December. Projects ranking high enough to be considered for funding will be given an April 9, 2004 deadline to submit the final feasibility study which addresses any comments from the EPA Project Officer and meets all of the program requirements in Appendix A of the guidance. Proposals submitted without a preliminary feasibility study can only receive funding to prepare a feasibility study during this cycle.

Since construction funding is limited, EPA prefers that most of the DWTSA funding go towards construction expenses rather than administration costs. For project budgeting purposes, allowances for tribal administration, engineering, inspection and other technical support services are based on a percentage of the estimated construction costs. Tribal administration will be funded at 2.5% of construction costs, change orders at 5%, and technical support services at 2.5% above the percentage indicated in 40 CFR Part 35, Subpart I, Appendix B, Table 1, Allowance for Facilities Planning and Design. This approach keeps these allowances in the reasonable range of 20 - 25% of construction. Please use these percentages when preparing the budget. Once a project is selected for funding, changes to these percentages can be negotiated with the Project Officer on a case by case basis if necessary for the success of the project. If you anticipate that these percentages will not be adequate for the success of the project, please indicate the percentages that you believe will be necessary. Include a justification of the need for the higher percentage. Only actual costs incurred under the approved budget will be paid.

All federally recognized Tribes are eligible to apply for this funding and funds can be used for any public water supply system that serves the Tribe. Please note that systems are not eligible for funding if they are in significant noncompliance with national primary drinking water regulations. Funding can only

be awarded if systems achieve compliance or if the project which is being funded will ensure compliance.

Please note that federally funded projects are subject to a detailed environmental review process under the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), and the National Historic Preservation Act (NHPA). The NEPA process invites public participation about the proposed project and its potential effects. Substantive and potentially costly mitigation, impact avoidance, and monitoring measures are all potential outcomes of the environmental review process, particularly under the ESA. These measures may include, but are not limited to monitoring and reporting potentially sensitive information such as water usage, groundwater levels, listed species, and cultural resources. The likelihood of these types of outcomes is dependent upon the number and sensitivity of the environmental and cultural issues identified during the environmental review process. For this reason, we strongly encourage the Tribe, at the earliest possible time, to contact the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and/or the State Historic Preservation Office to discuss potential endangered species or cultural resources impacts of the project and to identify possible outcomes of the environmental review process.

Three copies of Project Proposals (and feasibility studies if applicable) must be postmarked by October 14, 2003 and submitted to:

Sara Jacobs
U.S. Environmental Protection Agency
75 Hawthorne Street (WTR-6)
San Francisco, CA 94105

Application Process Time Line

Final Guidance/Solicitation out	August 15, 2003
Project Proposals Due	October 14, 2003
Draft Ranking to Applicants	December 2003
Comments, Final Feasibility Studies, and Capacity and Managerial Checklists Due	April 9, 2004
Final Ranking and Guidance Letters Out	May 2004
Applications Due	June 2004
Awards Made by	September 31, 2004

If you have any questions about this application process, please contact the appropriate Program Manager listed in Section 10 of the enclosed guidance, or call Sara Jacobs at (415) 972-3564.

Sincerely,

Sara Jacobs
DWTSA Coordinator

Enclosure